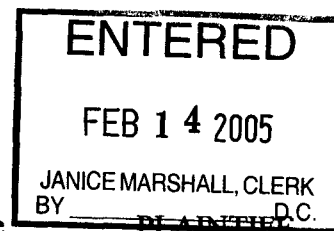


COMMONWEALTH OF KENTUCKY  
FRANKLIN CIRCUIT COURT  
DIVISION I  
CIVIL ACTION NO. 04-CI-714



Commonwealth Of Kentucky, ex rel. The Executive Director of the  
Office of Financial Institutions of the Commonwealth of Kentucky

vs.

Floco Management, LLC

and

Steve A. Wallace, Personally

DEFENDANTS

**AGREED ORDER PURSUANT TO CR 65**

Upon mutual Agreement of the Plaintiff, the Executive Director ("Executive  
Director") of the Office of Financial Institutions Of the Commonwealth of Kentucky  
("Office"), and the Defendants, Floco Management, LLC, and Steve A. Wallace,  
personally, this Court being otherwise sufficiently advised;

**IT IS HEREBY ORDERED THAT:**

1. Defendants, Floco Management, LLC, and Steve A. Wallace, shall no longer engage  
in any aspect of the business of offering or selling securities at any time for any reason.  
Neither Defendant shall engage in any aspect of such securities business within or outside  
of the Commonwealth of Kentucky.
2. The Defendants shall never violate the Securities Act of Kentucky in the future. In  
addition, the Defendants shall never violate the regulations enacted under the Securities  
Act of Kentucky or the Orders of the Executive Directors of the Office or the  
Commissioners of the Department of Financial Institutions that remain in force.
3. Steve A. Wallace shall not offer or sell securities and/or interests in any oil and gas  
venture from Kentucky to non-Kentucky residents or to Kentucky residents nor shall he

offer or sell such securities and/or interests from outside Kentucky to residents of Kentucky. This shall include, but not be limited to, interests in oil and gas ventures in the form of partnerships, limited partnerships, joint ventures, corporations, and limited liability companies.

4. Steve A. Wallace shall not be an officer, director, manager, or other such control person of any entity which offers or sells securities and/or interests in oil and gas ventures from Kentucky to non-Kentucky residents or to Kentucky residents or which offers or sells such securities and/or interests from outside Kentucky to Kentucky residents.

5. Steve A. Wallace shall not have any direct or indirect ownership interest in any entity which offers or sells securities and/or interests in oil and gas ventures from Kentucky to non-Kentucky residents or to Kentucky residents or from outside Kentucky to Kentucky residents.

6. Steve A. Wallace shall receive no commission, remuneration, or financial benefit from the offer or sale of any securities from Kentucky to non-Kentucky residents or to Kentucky residents or from the offer or sale of such securities and/or interests from outside Kentucky to Kentucky residents.

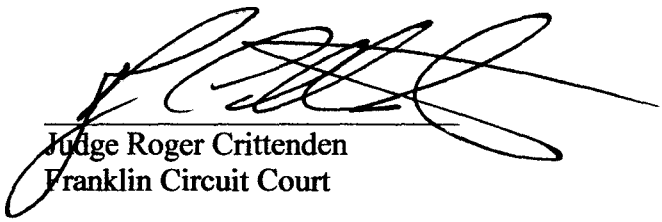
**IT IS FURTHER ORDERED THAT:**

7. Notwithstanding this Order, Steve A. Wallace may continue to engage in the business of drilling for oil and/or gas within and outside of the Commonwealth of Kentucky for compensation commensurate with his efforts to do same. This allows Steve A. Wallace, among other things, to do things like secure drilling equipment, oversee the drilling operations or actually operate a drilling rig, assist in any of these tasks, or advise in connection with these tasks.

8. This express permission for Defendant Steve A. Wallace to engage in the business of drilling for oil and/or gas permits him to engage in any aspect of said drilling business **EXCEPT** for the raising of the money to drill the wells and receiving remuneration and/or commission from such raising of money to drill said wells. Nevertheless, this Order shall **not** prevent Steve A. Wallace from receiving fair market compensation for any work performed in the act of drilling oil and/or gas wells and functions related thereto, **EXCEPTING** the work of raising the money to fund said activities.

**IT IS FURTHER ORDERED THAT:**

9. Steve A. Wallace shall not receive compensation, remuneration, dividends, gains, or income of any sort whatsoever, through any company or entity that he would not be permitted to receive directly pursuant to the terms of this Order.



Judge Roger Crittenden  
Franklin Circuit Court

AGREED TO this the 18 day of January, 2005.

by Floco Management, LLC 1-18-05 [Signature] 1-18-05  
Date Steve A. Wallace Date  
By [Signature] 1-18-05  
Steve A. Wallace Date

**ACKNOWLEDGEMENT**

County of: Clinton

State of Kentucky

On this 18 day of January, 2005, Steve A. Wallace personally appeared before me and acknowledged to me that he is authorized to execute this Agreed Order on behalf of Floco Management, LLC, and Steve A. Wallace and that he freely signed this Agreed Order on behalf of the entity and on behalf of himself in his personal capacity.

[Signature]  
Notary Public

My Commission Expires: 8/8/06

**HAVE SEEN AND AGREED TO:**

[Signature] 1-15-05  
Attorney for Defendants Date

William E. Doyle 2/4/05  
Attorney for Plaintiff Date